

APPLYING RATIONAL FRAMEWORK IN PT. SEJAHTERA'S BUSINESS PROCESS TO ENHANCE CORPORATE ROAD MAP, DECISIONS, COMPANY ACTIVITIES AND PROJECT EXECUTIONS

Dimas Fajar, Kuntoro Mangkusubroto and Yos Sunitiyoso
School of Business and Management
Institute Technology Bandung, Indonesia
jalankoe@gmail.com

Abstract— The study aims to applying rational framework of processes in the problem solving of PT. Sejahtera's Partnership and Organization challenges. It also focuses to problem analysis of organizational problem which produce disharmony among consortium members. With that result, a SMART analysis can be done to select Solution for the current situation and evaluate potential problem analysis in the two best course of action which is suited to company roadmap and strategy. The company shall be recommended to implement a combination of rational process and partnership selection process to have maximum benefit on a project and not to fall into the same organizational problem such as in previous RFID project. Furthermore, the company should replace the previous partnership and create a new partnership with a fresh start of rational selection. Selecting a project shall be inseparable with selecting with the right partnership. A partnership shall be evaluated accordingly by the principle of best practice and evaluated in criteria of technical risks, commercial risk and other project criteria that were driven by company strategy which access based strategy, gain track new record and innovations, also avoid Red Ocean Arenas. The rational framework of processes not only revising company strategy in practical level, but the process has to be implemented in projects and activities.

Keywords: Rational Framework, Decision Making, Problem Analysis, SMART analysis and Potential Problem Analysis

I. INTRODUCTION

PT. Sejahtera was a new founded company in Indonesia where IT Industry is said to be a very competitive area of business and low price is the main driver for competitiveness. In this competitive condition, IT Solution often produces not by a process of best practice and quality but by a direct extreme programming approach or an approach without software documentation and requirement engineering. In this competitive environment, the company has a mission to offer a lean design Solution for its Automation and System Integrator Services with quality product.

The company also has a strategic vision as a world class IT system integrator who empowers companies in

their operation management with smart system Solutions. The company has a mission to: (a) providing reliable and valuable IT consultancy and system integration services to companies in order to solve their operation management problems using smart system Solutions. (b) providing cost efficient technology Solutions as well as fast and reliable services with predictable quality of deliverables (c) handling both technical and non-technical issues of a project to make sure that the project is successful

Using access-based and needs-based positioning, the company tries to approach this prospective market, which means that the company will approach companies who potentially have problems in their operation management and who are still untouched or inaccessible to competitors in terms of relation or price. Most promising market segment are in the industry of transportation, oil and gas and manufacturing. The company is aiming at big clients and prestigious projects.

For a new player in this business, maintaining and selecting Partnership shall be an integral part of the company's activities to capture important projects and huge opportunities. Also the company runs their business in a time of great uncertainty not in the time of bull market economy. So, developing decision making business processes for selecting partners, activities and market opportunity shall be a great task for the organization.

A. Business Issue

One the prospective project that was done by the company which was controlled fuel subsidy with long range RFID pilot project in Energy Ministry in Indonesia has been completed by the company. However, consortium partners is a mess, the consortium are filling legal action to the company because of distrust of cash flow decision of the project. Now, new CEO of the company has to tackle the situation regarding the company, consortium and the new challenges.

New CEO also have to evaluate the last project and evaluating the nature of government project in order to

decide future agenda, whether to continue investing a dedicated team and product to this project and decide the next move of Consortium Partners that handled the project or build a new consortium partners.

In the organization, it seemed that there has not yet a rational decision making business process to guide the project team to execute an activity. There may have been some bounded rationality in the previous experience in the project that made the situation of the organization in the state of disharmony with its partners.

B. Situation of the Project

March 2012, Government of Indonesia has not decided whether to continue or not to continue the project as a Solution for the subsidy crisis.

Even if the project will be again tender in The Ministry of Energy, the company chance is being challenge by the change of head of sub directorate of Oil and Gas Division. Also, the company needs to form partnership to do the project and distribute the work load efficiently.

In the times where currently the government popularity is low, there is still possibility of tendering the project. It is so because coordinating and running the project will not be easy tasks for the government and will not be considered cheap.

C. Research Limitation and Constraints

The objective of this study limited is to analyze rational decision making process and quantitative evaluation on best alternatives. The investigation will not focus on the financial and project scheduling management aspects of the company or project. It will only discuss the organizational alignment of the company and its partners regarding a project risks and how the company prepares itself to manage decision making problems.

The study also limits the scope only to the interest of the company and not to the interest of industrial perspective. This shall also mean it is focus on middle management implementation of the Company. Strategy and Market analysis of the Industry shall be introduced as a background which drives perspectives of company's interests.

II. BUSINESS ISSUE EXPLORATION

In this chapter, issues are explored to find the cause of deviated performance of the organization and its strategic partnership. The deviation is that the company partners are changing their attitude towards the partnership of the project. Furthermore, a partnership in harmony by rule of thumb should be happy with each other deliverables, shared work load as agreed and always carry on with trust. This issue and its puzzle of the topic will be extensively explored. In the next section shall explore the issue of organizational performance, reason of having a rational framework using Kepner Tregoe to solve that problem and additional frameworks that support to solve partnership selection, communications, and other important conceptual frameworks.

A. Story line of the project

The whole story of the project can be divided into 6 episodes, (1) tender entrance, (2) project kick-off, (3) ground breaking ceremony, (4) government division technical manager change, and (5) final administration. Core issue of the story line is the performance of consortium led by PT. Sejahtera was not as first expected. PT. Sejahtera was cornered and delivers the project alone while its partners were not contributing as it should in time of uncertainty. That time was when the government division changes their technical manager.

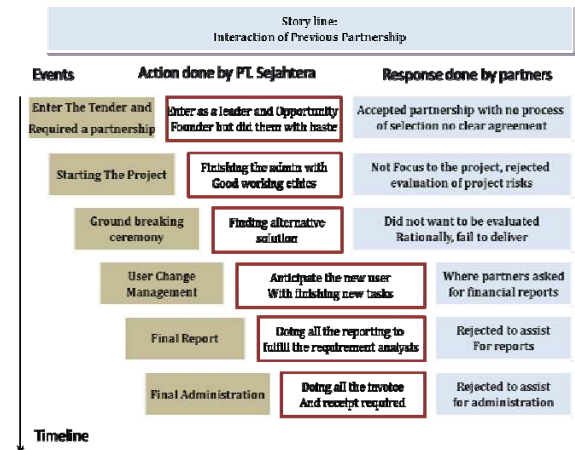


Figure 1. Story line of the project

B. Bounded Rationality in decision making

Observation findings shown in previous observation lead to an analysis that the previous RFID project done PT. Sejahtera and the SSE consortium partnership was completed in a rush fashion. This was a situation where bound rationality frequently happened and produced a not optimal Solution because of limited information. This is called bounded rationality which actors were limited in their ability both to gather and process information relevant to decision making (Simon, 1991), bias decision making also generated in this condition such a study commented (Gigerenzer & Todd, 2009) that humans and other animals need to make inferences about their environment under constraints of limited time, knowledge, and computational capacities. However, it should not make a solution that all decision making can be solved with most theories of inductive inferences model that explained a human mind as a supercomputer like a Laplacean demon, equipped with unlimited time, knowledge, and computational capacities however making it uses rationality shall increase the limitation and creating a second opinion to the decision making. This makes the decision making more sharper.

Also, consortium did not have an agreement, planning and evaluation system which can evaluate organizational performance so that they can maintain organizational harmony. So this also creates the organization not operate as a unit (Kepner & Tregoe, 1981).

In the other hand, company vision and mission requires PT. Sejahtera Company to have a world class standard of process of activities such as CMMI and decision making which have best practice of doing activities in a sufficiently time bound manner.

From this point of view of analysis, it require (Tiso, 2007) so that it can fill a gap of KT rational process that are able to produce a systematic mapping of PT. Sejahtera company situation, root cause identification the partnership organizational ineffectiveness, implementing in alternative Solution to decision making stage and planning to protect the course for the company, this is a to improve future condition and performance.

C. Conceptual Framework

Theoretical frameworks are structured in 4 blocks of a processing system. This systematic approach uses input, process, and feedback to produce output result for maintaining organizational performance with business process shown in figure 2 below.



Figure 1. Conceptual Framework

Rational decision making concept which is based on a concept of choosing a maximum payoff shall be the system input. Alliances and Partnership in Business concepts shall also be an input of the system. These two concepts are chosen for the system input for the fulfillment of research objective of investigating bounded information and rationality selecting partners and project. Company Strategies shall also be an input for the system alongside of the project issues and situation which was not in the course of the targeted vision and mission.

The inputs shall be process by KT frameworks which is situational analysis or SA, problem analysis or PA simple multi-attribute rating technique or SMART analysis and potential problem analysis or PPA. SMART analysis also has to be in combination with concepts of partner selection and combining them with communications so that it shall produce a revised road map on future project. These processes shall be feedback framework of competitive dynamics concept which bring an analysis that every processes shall be in the realm of competitions between company to win a project and have competitive advantage among rival firms. The processes shall also be feedback with motive of strategic alliance concepts which always evaluating status of partnership for the purpose of the company's best interest and also partner's company best interest.

The system shall an output that produces tools to manage activities, engineering proposals and resource

management as well as rational management which is the people who uses the tools and documentations for the company.

D. Method of Data Collection and Analysis

After knowing the reason behind the purpose of having rational framework, there are five main questions that need to be addressed in this study, these questions uses combinations of concepts along with the use of SA, PA, SMART and PPA.

To answer the first question it must analyses the situation of to attempt on issues that are important to the company. The issues must be a result of a discussion of situation of the market and project, marketing strategy that is used, competition and partnership.

Next question is how to evaluate project experience by a systematic approach of problem analysis for finding the cause of a deviation in the project with consortium partners.

Third question is answered by evaluation multiple related aspects/issues in project decision making that was done in this project with specific, orderly, rational and systematic and combines them with Solutions from previous problem Analysis.

Fourth question was answered by evaluation risks and see what lies ahead in two of the best options that were decided from Decision Analysis.

Last question was how to implement Rational Process that has been selected to the management decision making and business analytical process so that future activities and process is better also serving the best interest of the company with respect to their competitive dynamics and motive of strategic alliance.

III. SITUATION ANALYSIS

	Time Urgency	Extent of Impact	Probable Growth	Solution Planning
Evaluation of Previous Project with Consortium Partners	(High) Before starting a project it is important to evaluate the team and analyze resource management	(High) It is critical to current strategic partners so that future project can be done better	(High) It is critical to current strategic partners so that future project can be done better	Require a Problem Analysis on the evaluations
Making a Decision on Where want to go	(High) It is important to implement strategy to in the right direction with executing the right course of action	(Medium) One step of becoming rational management and have a better team in the next project	(High) One step of becoming rational management and have a better team in the next project	Require a SMART Analysis on evaluating a simple quantitative decision making rated by all decision makers
Analyzing Challenges on course of Action	(Medium) There are challenges such as risks and uncertainties in every decision choices that are made	(High) Inability to plan ahead shall make easy task look harder in the future and cause deviation to future projects	(Medium) Shall rise in the event after course has been selected, and more it is postponed the worst it shall get	Analyzing the selected course of action with Potential problem analysis together with past experiences and future perspectives

Figure 2. Situational Appraisal

After sorting out all the relevant with respect to the project, market, partnership and marketing strategies. The urgency, extent of impact and trend of the problem resulting resolution planning of PA, DA and PPA. Evaluating experience of previous project, selecting the next actions based on the best interest of the company and analyzing and preparing challenges that lies ahead in the options.

IV. PROBLEM ANALYSIS

	IS	IS NOT	DISTINCTION	CHANGES
WHAT	Contribution to Assist in Government's Long Range RFID Subsidy Project	Outside of Contribution to the RFID Project	Partner's focus in the project	Attitude towards the project and PT. Sejahtera
WHERE	At IT Development, QA and Testing Documentation in Long Range RFID Subsidy Project	Job specification quality outside	Quality of the Deliverables	The project QA Tests where taken over by PT. Sejahtera
WHEN	Within the project Time line	Outside The timeline	The workload of the consortium	The workload of PT. Sejahtera escalated
EXTENT	Breaking the consortium partnership	Is not outside The realm of The partnership	Organizational Alignment and Harmony	There are no evaluation From partners to contribute

Figure 3. Problem Analysis with WHAT, WHERE, WHEN and EXTENT specification

In this phase each of the possible cause are tested with the evidence of the story line itself. The tests of causes are:

<p>PT. SEJAHTERA & KALOR PROJECT (PT. SEJAHTERA & KALOR PROJECT)</p> <p>The Partners WANT THINK that they are not paid as their development, and need to be implemented (the project)</p> <p>(Difference in Organizational Interest)</p> <p>A Possible Cause that they have different level of development in the company</p> <p>(Difference in Organizational Strategy)</p> <p>A Possible Cause that they could not work well together</p> <p>(Difference in Organizational Culture)</p> <p>A Possible Cause that they are not valued by PT. Sejahtera as they are not in the same level as PT. Sejahtera</p> <p>(Difference in Organizational Culture and Prioritization)</p>	<p>PT. SEJAHTERA & KALOR PROJECT (PT. SEJAHTERA & KALOR PROJECT)</p> <p>PT. Sejahtera WANT THINK that they are the only side that were not being implemented</p> <p>(Difference in Organizational Interest)</p> <p>A Possible Cause that PT. Sejahtera is the only side that were not being implemented</p> <p>(Difference in Organizational Strategy)</p> <p>A Possible Cause that they are not valued and not being implemented</p> <p>(Difference in Organizational Culture)</p> <p>A Possible Cause that they are not valued and not being implemented</p> <p>(Difference in Organizational Culture and Prioritization)</p>
<p>TESTING THE PROBLEM CAUSE</p> <p>Will the partners only be implemented? (Difference in Organizational Interest) NO</p> <p>Will the partners only be implemented? (Difference in Organizational Strategy) NO</p> <p>Will the partners only be implemented? (Difference in Organizational Culture) NO</p> <p>Will the partners only be implemented? (Difference in Organizational Culture and Prioritization) NO</p>	<p>TESTING THE PROBLEM CAUSE</p> <p>Will the partners only be implemented? (Difference in Organizational Interest) NO</p> <p>Will the partners only be implemented? (Difference in Organizational Strategy) NO</p> <p>Will the partners only be implemented? (Difference in Organizational Culture) NO</p> <p>Will the partners only be implemented? (Difference in Organizational Culture and Prioritization) NO</p>

Figure 4. Development of possible causes

Figure 5.

From the comparison to the perfect partnership, there are several reasons of the failed partnership, including: (a) SSE partners has diverged their objectives and priorities. This influenced the communication and project management reporting. (b) The partners lost their ability to work well together among partners, and also their motivation to contribute has been diminished with time. (c) There are a change of conditions that makes the purpose of the alliance obsolete (d) they have different areas of opportunity where they think it is more attractive in terms of technological paths (e) PT. Solution and PT. Sejahtera Marketplace rivalry to

become a leader in the business area of Oil and Gas Division Projects. Further, the partnership should not be influenced by an individual but focus to the project and deliverables.

In the perspective of the best practice guided by a study (Ireland, Hoskisson, & Hitt, 2011) state that it is obvious to see SSE consortium partner's motives of alliance also has not been fulfilled. It also with an analysis that they are in a competitive environment that they are actually in competition with each other, similar market, have their own marketing strategies and paradoxically in a partnership makes them have many option and many reasons to fail the consortium partnership. Consequently some of the reasons of the standard-cycle partnership have been broken, such as: (a) PT. Solution to gain market power in Oil and Gas Division Project has been shattered (b) PT. Electronic Laboratory to gain access to superior administration management resources. Also, PT. Sejahtera to gain access of consortium partner's administration support. (c) PT. Sejahtera felt that they are the only side that care and committed to the project. Also felt that they has submitted and give all resources and effort to finish the project implementation.

It can be explained by the concepts of ideal partnership selection process has not been implemented from the start. As stated in the story line the partnership was formed in a rush paced and without the process of shared vision, selection process and agreements. So there shall be 3 solutions in the solution for the problem analysis which is maintain partnership, find new partnership or enter the next project alone.

V. DECISION ANALYSIS

To determine the business solution, several alternatives are developed to be then analyzed in determining one optimal solution for the Company's business issue. Author may not necessarily analyze the solution alternatives one by one, but he/she could directly focus on one business solution and then analyze the possibilities that the solution could address the issue that is being faced by the company.

1A	1B	1C	1D	2A	2B	2C	2D	3A	3B	3C	3D
604.24	530.30	486.06	-	871.52	757.58	769.09	-	-	-	-	547.88

Figure 6. The decision alternatives

In mapping them, there are three different course of action (1 to 3; maintain partnership, build new partnership and enter future alone) and 4 different project option (A to D; sticking to current project, have similar project; arrange innovative project and low segment project). The decisions are evaluated above in figure 4 with 3 sensitive analysis scenarios. Evaluation 1 corresponds to a normal state. This scenario uses evaluations of table are using normal weight. Evaluation 2 further analyze how robust the decision to

a scenario where are no blue ocean, access based and innovative advantage so the marking weight of sustainability, brand and organizational complexity are zeroed. Evaluation III is a scenario where the company shall has be cut from scene of the competition leading only possible option is to use other resources and be a project management company or team therefore turning technical, commercial and organizational weight attribute to zero.

	2A	2B	2C	2D
Considering all the attributes	871.52	757.58	769.09	-
Considering only the attributes for High competition	933.33	873.12	800.00	-
Considering Outsourcing	889.87	625.32	735.44	

Figure 7. Sensitivity Analysis of three scenarios

Based important criteria of challenges such as explained above table resulted into two best options for the evaluation I which are option 2A which sticking to current project with new partnership and 2C which is finding more innovative project with new partnership. If scenario evaluation II which is the market become Red Ocean and then it is better that PT. Sejahtera enter alone to open low segment market. This should be a contingent plan and put as third option if both of the first option and second option are not come into reality. Evaluation III can be another perspective if scenario of not leading future project shall be an option. However these evaluations with their sensitivity analysis which are elaborated in shows that option 2A and 2C is a strong options. Hence, PT. Sejahtera should attempt these best decisions if the situation and condition that are explained matches the ones that are analyzed such that in sensitivity analysis.

Comparing everything it seems that 2A and 2C are still the most prospective, yet 2C is a new challenge and a new field which will result an expansion of horizons. Taking 2C means it shall take a road map of innovations and Blue Ocean, avoiding the unnecessary blood bath of price wars. Taking 2C shall also mean that the company will expand the market and spread out the news of success and widen the product that it delivers to the market. Certainly a challenging yet a path that has to be taken and tried by the company.

VI. POTENTIAL PROBLEM ANALYSIS

Summary of preventive actions and contingent action 2A (sticking with current project) and 2C (arranging new innovative project) shall be the key analysis in having potential problem analysis. The preventive actions summaries are: (a) Marketing approach that can make a difference to a problem; this can be negotiation methods. (b) Rational process skills of the managers such situation analysis, problem analysis and the KT process; and also communicating their results. (c) Internal development to strengthen technical expertise and innovative products so that dependency and need towards a partnership can be minimized. This can be also some kind of resource management and knowledge management to maintain a skill in a high human resource turnover or the rate of employees come and goes in an organizations

The contingency of action summary are (a) To have access to dedicated resources that can solve special non-technical or strategic or marketing potential problem. (b) Expanding industrial networking in the area of technical and strategic or commercial partnership. (c) Have a contingency project. A probable contingency project may be to attempt a

product or service that is general purpose; this shall be extensively elaborated in the implementation plan.

VII. CONCLUSION AND IMPLEMENTATION PLAN

There are recommendations on improving PT. Sejahtera situations, resolving organizational problem, making optimal decisions with rational process and anticipating challenges. The company shall be recommended to implement a combination of rational process and partnership selection process to have maximum benefit on a project and not to fall into the same organizational problem such as in previous RFID project. Furthermore, the company should replace the previous partnership and create a new partnership with a fresh start of rational selection. Selecting a project shall be inseparable with selecting with the right partnership. A partnership shall be evaluated accordingly by the principle of best practice and evaluated in criteria of technical risks, commercial risk and other project criteria that were elaborated before.

Other recommendations are integrating KT rational process, exploring other decision making tools, exploring zero sum game, exploring application of heuristics and improving decision making process. These are made for the purpose of enhancing decision making in all project situation and condition. It is also because that not all decision making are made in sufficiently time bound and perfect unlimited information. There are also recommendations from studies (Bazerman & Moore, 2009) that in order to have the opportunity to significantly increase effectiveness of the decision making process and activities, it must implement six concrete and complementary strategies which are: (a) Using the proper decision analysis tools (b) Acquire expertise (c) Minimize bias judgment in the organization (d) Reason analogically (e) Take an outsider view (f) Understand biases in others

It is also said that it shall be an optimistic but naive view that after implementing and exploring all of these topic that a decision maker shall be a capable of improving the decision making process. It shall require a period which the organization constantly reviews the process for errors to be identified which also creates lasting internal improvement through a persistent monitoring and planned timeline in every department that has been embedded with KT process.

	2012	2013	2014	2015
Project Road Map	PT. Sejahtera targets to get 1 to 2	3 – 4 Projects	5 – 7 Projects	PT. Sejahtera targets to get 6 – 10
Improving Decision Making Process and Exploring Decision Making Tools	Implementing in Proposal, Marketing map and daily activities	Exploring Zero Sum Games, and simultaneous games and sequential games in product launching	Using simultaneous games and sequential games in product launching	Using Zero Sum Games, and exploring descriptive approach in decision making
CMMI Road Map	Level 2	Level 3	Level 3	Level 3 to 4
Extending Strategic Horizons	Expanding and reaching political ally within government important persons	Maintaining political ally within governmental important persons	Expanding and reaching marketing ally within governmental competitors	Maintain marketing ally within government competitors
Extending Industrial Horizons	Have relations with small enterprise of IT solutions	Extending supplier networks for electronics	Have relations with small enterprise of electronics solutions	Extending partnership in worldwide IT to prepare for international move

Figure 8. Implementation Plan in Using and Improving Decision Making Tools

So in other words, making process of important decision making slower and more rational in selecting important decision, still implementing heuristics approach in a time pressured situation, practical based and constantly improving them, shall be the first step towards a rational management which will produce efficient operation and better organizational performance.

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